# Alaska Medicaid Management Information System (MMIS)

## Corrective Action Plan (CAP)

October 12, 2014

Revised January 19, 2015

Version 3

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## Deliverable Information

| | |
|---|---|
| **Deliverable #** | N/A |
| **Deliverable Title** | Corrective Action Plan |
| **Due Date** | October 15, 2014 |

## Revision History

| Version | Date | Description | Author |
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| 1 | October 15, 2014 | Corrective Action Plan | Xerox |
| 2 | October 22, 2014 | Corrective Action Plan | Xerox |
| 3 | December 18, 2014 | Corrective Action Plan | Xerox |

## Deliverable Submission and Review History

| Deliverable Submission # | Date and Time Received From Contractor | Date Returned to Contractor | Notes / Comments |
|---|---|---|---|
| 1.<br>2.<br>3. | October 15, 2014<br>October 22, 2014<br>December 18, 2014 | | |

# 1. Executive Summary

## 1.1 Introduction

The corrective action plan (“CAP”) document provides the State of Alaska (“State”) with a plan that addresses how the remaining jointly agreed upon high priority residual issues related to the Design, Development, and Implementation (“DDI”) of Alaska (“AK”) Medicaid Management Information System (“MMIS”) will be addressed and operations will be stabilized. The CAP will include the following work products:

- A narrative that contains the scope, objectives, and approach reflecting the planning and execution for addressing the jointly agreed upon high priority DDI items and operations work streams.
- A project schedule reflecting the work breakdown structure (“WBS”), milestones, key activities, and dependency mapping and resources required to meet the agreed upon timelines.

## 1.2 Purpose and Objectives

We value our partnership with the State and have worked in good faith to develop a plan that addresses the State’s concerns and allows us to focus effort on clear and mutually agreed-upon objectives.

Xerox has re-established a program governance structure with key DDI leadership positions, and enhanced the existing team of project management, development, and MMIS subject matter resources to help stabilize the system, increase confidence in delivery, and assure requirements are met. Our approach is designed to address issues in the areas of program governance, project management, and technical solution delivery. The day to day operational activities (i.e. standard system maintenance, rate updates, etc.) will continue to be performed as scheduled and will not be impacted by the CAP execution.

We believe our proposed approach will strengthen the momentum gained by the team over the last 120 days and assure successful completion of the CAP. Xerox leadership is committed to working closely with all stakeholders to fully address the concerns related to the MMIS.

## 1.3 In Scope

We have organized the CAP objectives into the following work streams that represent CAP scope:

1. **DDI Items**
    a. Business process acceptance (In-scope defects and Change Requests (“CR”))
    b. Post-CAP CR plan (deferred CRs and high business impact enhancement CRs)
    c. Deferred DDI deliverables
    d. Staff hardening - Staff hardening includes resource planning and assignment to ensure that appropriate resources are identified and assigned to the planned CAP activities.
    e. Process hardening - Process hardening includes leveraging the processes that were used during the DDI phase of the project and enhancing or supplementing them with appropriate steps, roles and responsibilities needed for ongoing operations and CAP execution. The process hardening areas include:
        - Program governance
        - Project management

- Communications management
- Technical management
- Operations management

2. **Operations Stabilization**
    a. Operational backlog, including:
        - Suspended claims, retrospective claim adjustments, and provider appeals
    b. Reporting

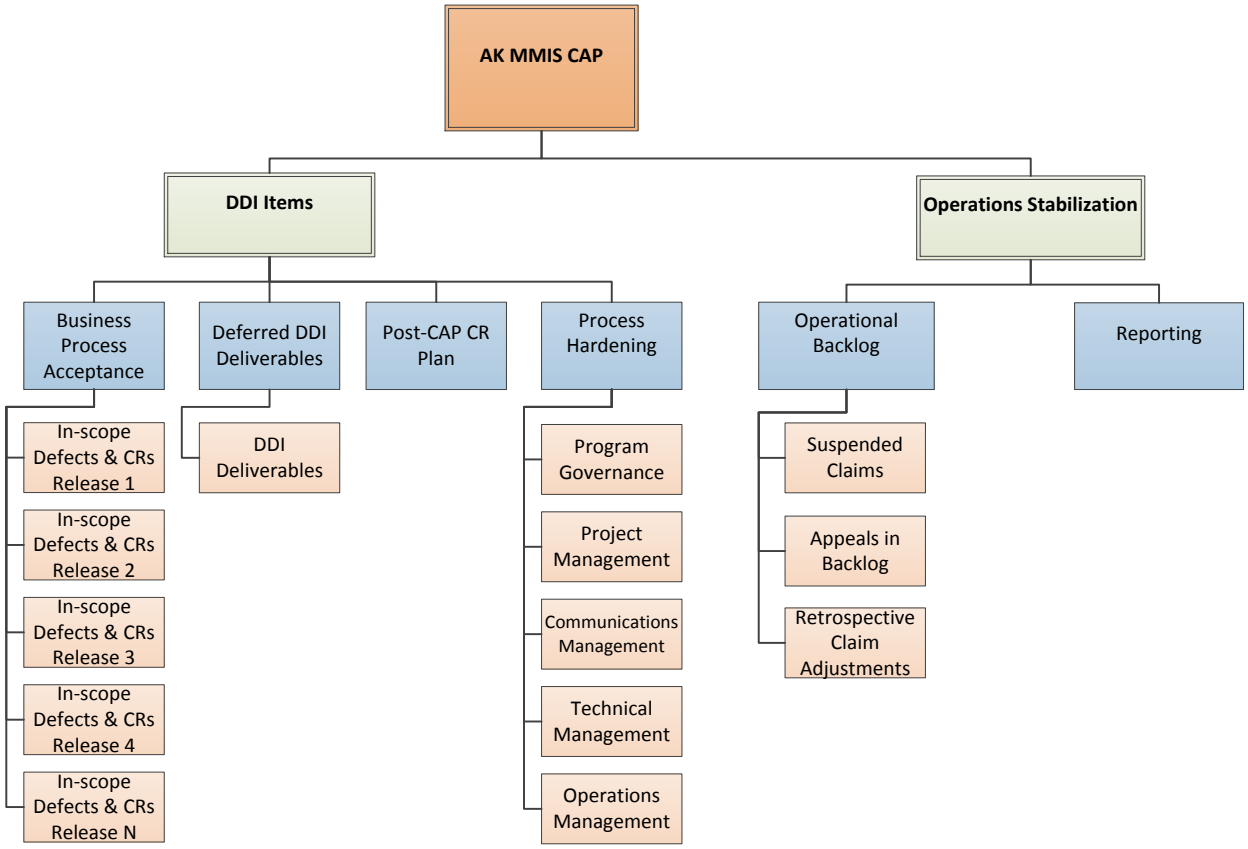
## 1.4 Out of Scope

All defects and CRs opened after October 1, 2014 are considered ‘out of scope’ for the CAP and will be resolved through the defect management and change management processes described within the CAP, but may not be resolved until after the completion of the CAP. CAP execution also excludes implementation of most of the deferred CRs and most enhancement CR’s. The CRs that are not in scope for implementation of the CAP are included in Appendix E.

## 1.5 Work Breakdown Structure

The CAP schedule (MS Project), which reflects the approach and correlated activities for DDI items and steady-state operations, will serve as a baseline against which progress can be tracked. The schedule is based on the defined WBS that identifies the work products required to complete the CAP. Figure 1 identifies the WBS for the project:

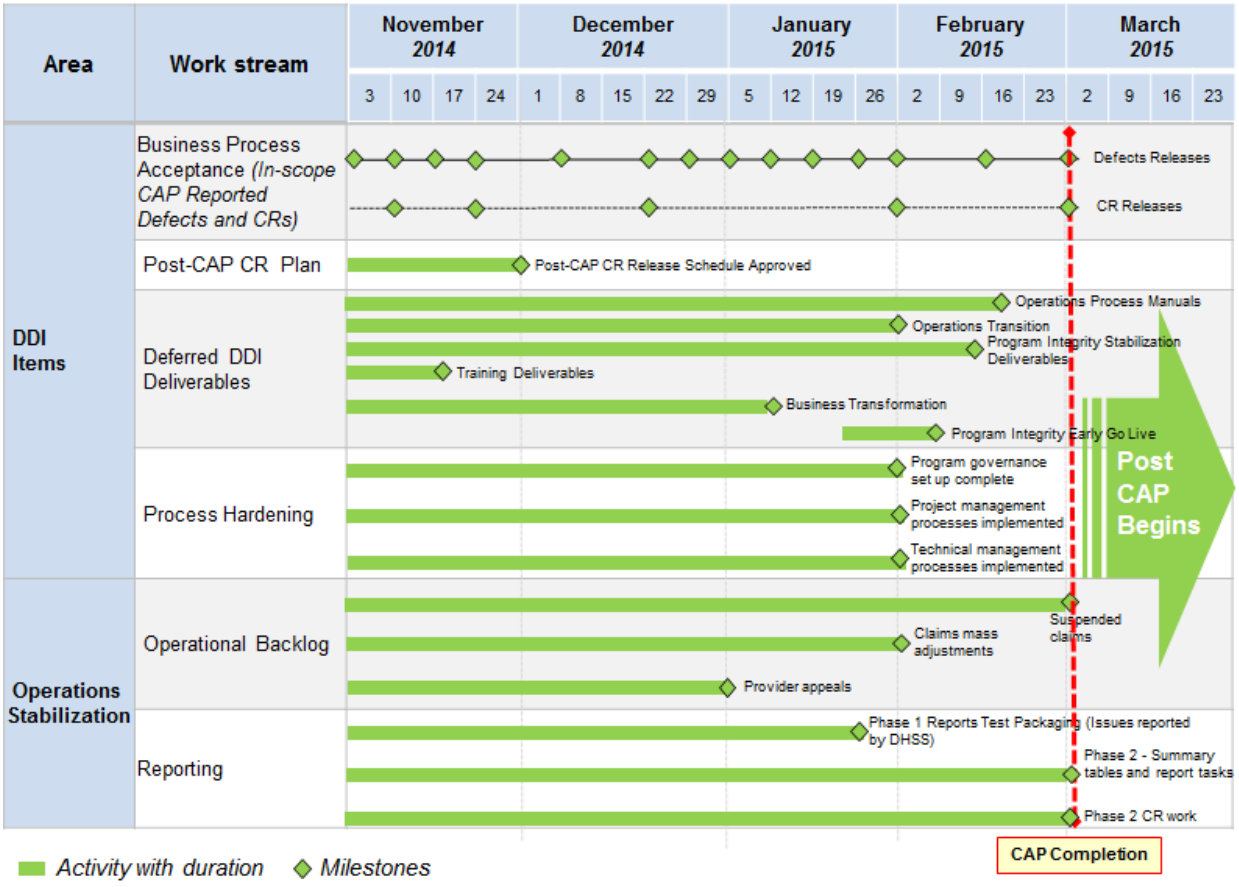
**Figure 1: Work Breakdown Structure**



## 1.6 High-Level CAP Timeline

The high-level CAP timeline (Figure 2) provides a view of the CAP completion milestones across all the work streams that are in scope for the CAP. Detailed activities including acceptance dates are included in the CAP schedule (Appendix B).

**Figure 2: High-Level CAP Timeline**




## 1.7 Critical Success Factors

Key factors for successful completion of the CAP include:

1. Open, accurate and fact-based communication throughout the entire CAP process and beyond, with no hidden assumptions made by either the State or Xerox.
2. Understanding by all project participants and agreement that the project focus must be forward-looking to accomplish our goal.
3. Once the CAP is agreed to, Xerox and the State will work together towards the mutual goal of meeting the schedule completion dates of all tasks and acceptance criteria as defined in the CAP.

4. Xerox and State team members identified in the governance structure and communication management approach, as well as those identified in additional functional groups will be available as identified in the CAP schedule.
5. Xerox fiscal agent (“FA”) staff and State Medicaid senior policy and operations experts will be available as needed throughout the period of the CAP.
6. The State is fully engaged with Xerox in detailed requirements and design processes, including final completion of the CAP.
7. Sufficient State and Xerox FA resources will be available for CR testing and will complete CR test approval within ten (10) business days as identified in the CAP schedule.
8. The State will use commercially reasonable efforts to support Xerox in an effort to reach out to mutually-identified medical providers or provider organizations to identify their top payment issues. This effort will correlate identified issues to defects already fixed, those not yet fixed, and potentially new issues that may need to be logged and resolved.
9. Compliance by both the State and Xerox to the approved change control and CR classification process.
10. Acceptance criteria and acceptance management processes are written and agreed to by both Xerox and the State.

# 2. CAP Development Approach

During development of the CAP, Xerox co-located a team of project management, operations, and MMIS subject matter resources for a period of four weeks. The CAP approach addresses key concerns identified by the State in the areas of program governance, project management, and technical solution delivery.

Figure 3 summarizes the activities for the CAP development over the four-week period:

**Figure 3: CAP Development Approach**

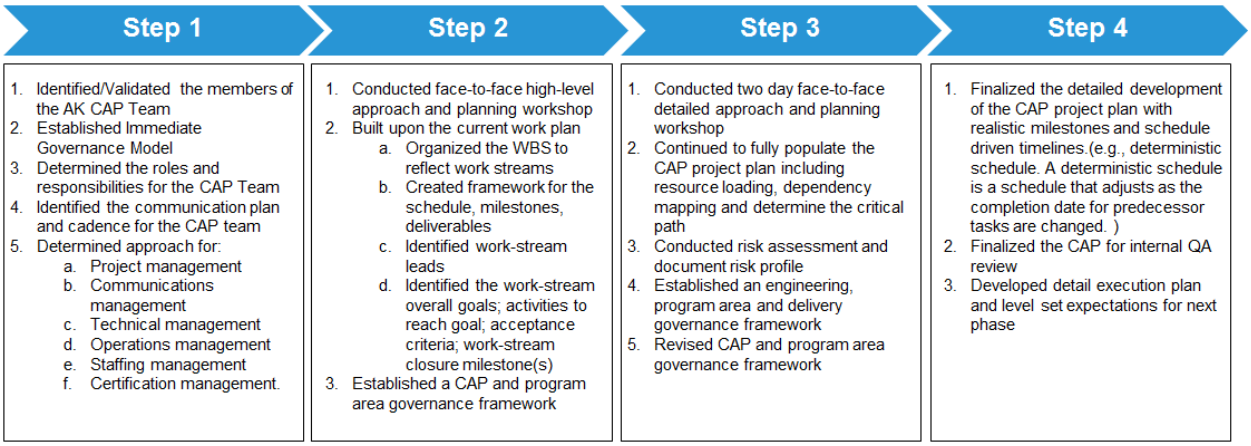
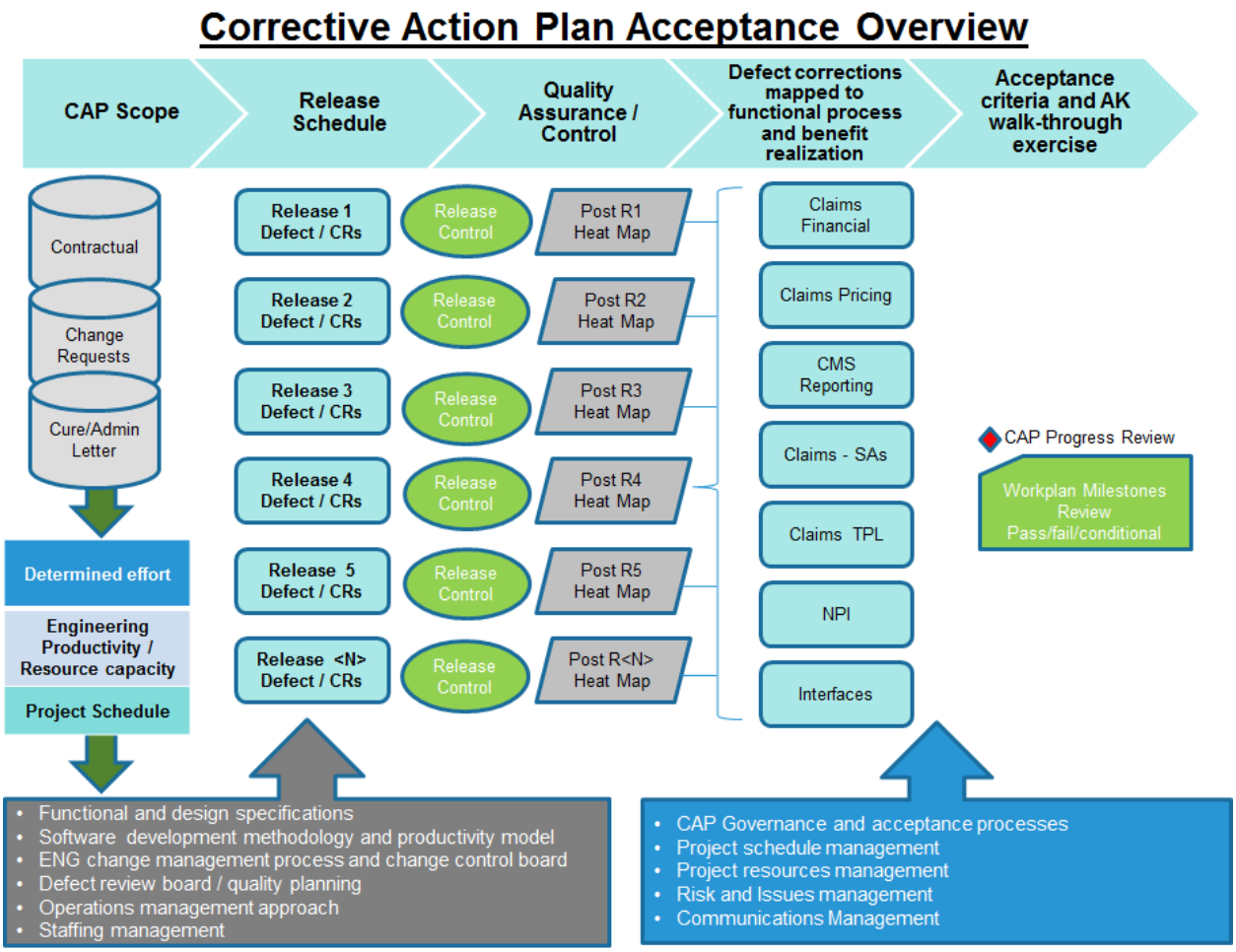



Figure 4 outlines the CAP framework, which includes how the CAP scope was determined and the release schedule was developed, for meeting priority business process area objectives.

**Figure 4: CAP Framework**




## 2.1 CAP Development Team

Table 1 lists the Xerox leaders who participated in development of the CAP. The leaders consulted with team members from their respective areas as necessary.

**Table 1: CAP Development Team**

| Leader | Role | CAP Role |
|---|---|---|
| Rick Dastin | Xerox Executive Sponsor | Overall governance and support |
| David Zirl | Xerox Executive Sponsor | Overall governance and support |
| David Meadows | Xerox Account Executive for AK | CAP oversight and client relationship |
| Jim Kuehn | PMO Manager | PMO manager |
| Aaron Culp | Xerox Deputy Account Manager | CAP operational scope lead |
| Jake Bender | Xerox Account Ops Systems Manager | CAP operational scope lead |

| | | |
|---|---|---|
| Amir Desai | Xerox Delivery Sponsor | Engineering |
| Jo Burdeau | Xerox Leadership | CAP scope |
| Val Law | Xerox Leadership | CAP governance |
| Aryya Bhattacharyya | Xerox Development Leader | Technical design authority, Delivery management & Vendor management |
| David McCue | Xerox – Program assurance | CAP creation, CAP schedule development, CAP schedule management and program management support |
| Edward Fenton | Xerox – Program assurance | CAP creation, CAP schedule development, CAP schedule management and program management support |
| Ernst & Young | Xerox – Program assurance | CAP creation, CAP schedule development, CAP schedule management and program management support |
| Jake Oner | Xerox DDI Leader | Delivery governance |
| Ed J Solcz | Contract Management Lead | Contract management |

## 2.2 References

We understand that Xerox and Department of Health and Social Services ("DHSS") are currently in dispute about issues relating to the injunctive relief that is requested in DHSS' September 22, 2014 Statement of Claim. Without waiving any of our jurisdictional claims or conceding other claims, in good faith we are presenting this CAP independent of DHSS' Statement of Claim, in order to successfully remedy the residual issues with the AK MMIS system. Table 2 provides a guide as to where the subjects set forth in the Statement of Claim are discussed in this document.

**Table 2: References**

| Issue Description | CAP Section | CAP Section Description |
|---|---|---|
| Resolve the MMIS defects, and MMIS services areas that are not operating correctly. | Section 3 | CAP Approach |
| Specify that Xerox will implement the CAP according to a clear, accurate, 60 day calendar schedule, and based on underlying data that can support the schedule that will be provided and explained completely to DHSS; must be detailed, credible, accurate and acceptable. | Section 2.3 | CAP Schedule |
| Explain in detail and with specificity how Xerox built the CAP, and what resources Xerox used in so doing. Include, in the event of requests by Xerox for schedule changes, a mechanism for DHSS and COA review and approval or disapproval of such changes. | Section 2 | CAP Development Approach |
| Include, in the event of requests by Xerox for schedule changes, a mechanism for DHSS and COA review and approval or disapproval of such changes. | Section 3.4 | Change Management Approach |

| Issue Description | CAP Section | CAP Section Description |
|---|---|---|
| Include a plan to rectify MMIS product defects, performance failures, delays, quality problems or other deficiencies hereafter identified by DHSS, Xerox, or others. | Section 3 | CAP Approach |
| Include a subcontractor management plan. | Section 3.7 | Subcontractor Management Approach |
| Identify in detail and with specificity all persons or entities who will execute each task in the CAP. | Section 2.3 | Identified in the CAP schedule |
| Recognize continued oversight by the COA. | Section 3.1 | CAP Governance Structure |
| Comply with and recognize the ongoing application of all contract terms | Section 3 | CAP Approach |
| Follow and comport with Xerox's software development methodology. | Section 4.8 | Technical Management |
| Provide an overview of, and explanation of its software development methodology. | Section 3.8.1 | System Development Methodology |
| Disclose in detail and specificity all details about how the CAP was built, including resource and other staff allocations, critical path tasks identification and task dependencies, staff overlaps, and how Xerox arrived at its dates, and a promise not to remove staff approved by DHSS without DHSS's approval. | Section 2 | CAP Development Approach |

| Issue Description | CAP Section | CAP Section Description |
|---|---|---|
| Address problems with overall project management, communications management, technical management, operations management, staffing management and certification management. | Section 3.1, 3.3, 3.4, 3.5, 3.6, 3.8, 3.9, 3.10 | Overall approach for project management, communications management, technical management, operations management, and staffing management. Quality assurance is embedded in our project management and technical management processes. The combination of testing software changes before deployment to production, reviewing deliverables before they are submitted to the State, and having our processes reviewed by an independent external vendor, comprise our approach to quality assurance. |

## 2.3 CAP Schedule

The CAP schedule developed in MS Project (Appendix B) reflects the approach and correlated activities for DDI items and steady-state operations. The CAP schedule will serve as a baseline against which CAP execution progress will be monitored and measured.

The CAP schedule is based on the defined WBS (Figure 1) that shows the work products required to complete the CAP. The relationship between all activities and the required resources to perform those activities are outlined in the CAP schedule.

The approach that was used to develop the CAP schedule consists of the following activities:

1. Developed WBS architecture and associated deliverable-oriented WBS that divides the CAP into its composite work products and associated activities
2. Sequenced the identified activities based on the order in which need to be completed to support creation of their associated deliverables
3. Estimated effort and resources required to complete each of the identified activities
4. Estimated the duration for each activity
5. Developed the CAP schedule by incorporating the above information into a project-scheduling tool (e.g., Microsoft Project)
6. Identified CAP milestones

Table 3 below identifies the WBS architecture that was used in developing the CAP schedule:

**Table 3: WBS Architecture**

| WBS Level | Number | Title | Description |
|---|---|---|---|
| 1 | 1 | Project | Represents all work associated with the CAP |
| 2 | 1.x | CAP Areas | Represents all work associated with each area of the CAP (e.g., DDI Items and Operational) |
| 3 | 1.1.x | Work Stream | Identifies the specific work stream associated with each phase |
| 4 | 1.1.1.x | Summary Level Activity | Identifies the summary level-activity for each work stream |
| 5 | 1.1.1.1. x | Activity and Milestones | Identifies the specific activities and milestones that make up the deliverables |

## 2.4 CAP Estimation Approach

In order to develop the staffing and resource estimates for the CAP, Xerox has used a combination of the historic resourcing data, WBS-based bottom-up estimation , and experience of the subject matter experts in assessing the scope, complexity, size of the CRs, resource capacity, productivity, and resource availability (vacation, holidays).

Xerox conducted comprehensive analyses of the MMIS business process areas to evaluate the business processes that require the most knowledgeable resources. Based on the assessment, it was determined that the Claims business process area requires the highest focus for addressing issues. Xerox is working with its partners to ensure that adequate resources are provided to address the CAP deliverables and resolve the issues in a timely manner.

For each currently planned release, Xerox used per person productivity estimates to define the release scope and corresponding effort. Xerox then identified total resources required for each release, and reviewed resource skill mix (subject matter experts for development, analysis, quality assurance, backlog reduction, etc.) to address the CAP system functionality issues in light of activities identified in the CAP schedule.

Xerox has already begun staffing the resources to support CAP timelines and CAP deliverables.

## 2.5 Assumptions

Table 4 below describes the assumptions for the approach and CAP project schedule.

**Table 4: Assumptions**

| # | Assumptions |
|---|---|
| 1 | Any changes to the CAP scope, including new CRs, will follow the Change Management Process and requires Change Control Board (CCB) approval. |
| 2 | The State will assign named key resources (Margaret Brodie, Nick Faulkner, and Linda Walsh) and others (functional owners) as required for decision-making and participation in various review meetings (Defect Review, CCB meetings, etc.) |
| 3 | The State will ensure that all required reviews and responses are provided within ten (10) business days. |

| # | Assumptions |
|---|---|
| | |
| 4 | Xerox may involve vendor representatives and key subject matter resources in various meetings with the State on an as-needed basis. |
| 5 | Approval of the CAP assumes approval of overall project management plans (included in the appendices). |
| 6 | The State will convey approved policy for use by Xerox to resolve suspended claims with edits and/or errors related to issues. |

# 3. CAP Approach

The following section provides an overview of the CAP governance approach and key execution concepts.

## 3.1 CAP Governance Structure

In order to provide for successful CAP execution, a well-defined governance structure has been developed to establish the necessary accountability, decision authority, oversight, and control. This governance structure will provide the means to identify, assess, and respond to internal and external events and enable effective program oversight and decision-making. The governance structure is vital to the effective functioning of the CAP execution and is the basic framework used for all processes and procedures employed throughout the execution. The governance structure is comprised of the following levels:

- Tier 1 – Executive Sponsors
- Tier 2 — Executive Leadership and Steering Committee,
- Tier 3 — Program Oversight
- Tier 4 — Solution Delivery

Figure 5 below shows the CAP Governance Structure and identifies the members, authorities, and key responsibilities for each tier.

**Figure 5: CAP Governance Structure**

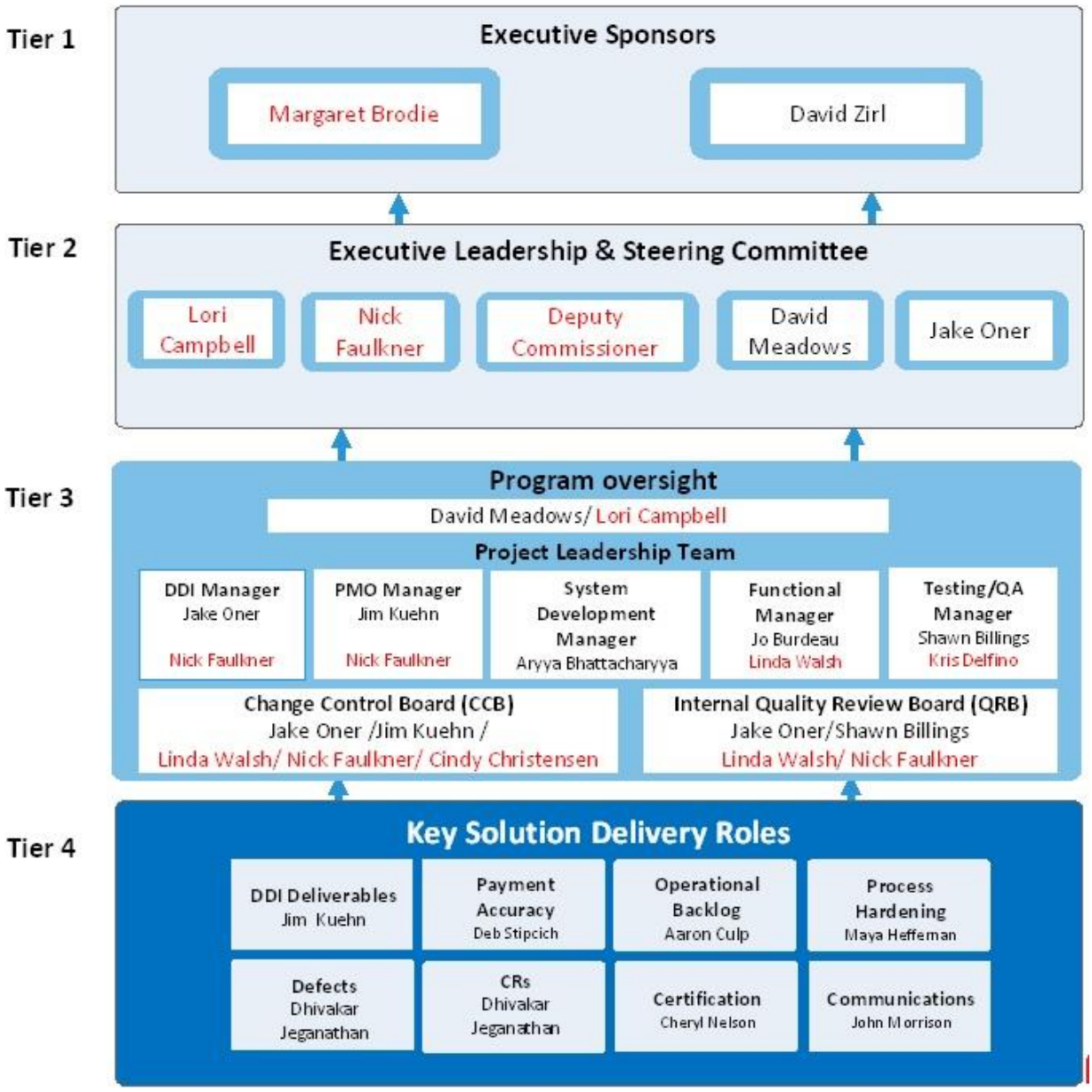



Table 5 outlines roles and responsibilities for key positions.

**Table 5: CAP Governance Roles and Responsibilities**

| Role | Responsibility | Name |
|---|---|---|
| Xerox Executive Sponsors | Program strategy and direction | David Hamilton |
| Xerox Executive Leadership and Steering Committee Members | Overall governance and support | Rick Dastin<br>David Zirl |

| Role | Responsibility | Name |
|---|---|---|
| Xerox Delivery Sponsor | Delivery teams governance | Amir Desai |
| Xerox Account Executive for AK | Responsible for contract, P&L, and overall client relationship | David Meadows |
| Xerox DDI Manager | Provides overall delivery governance for the DDI items | Jake Oner |
| Xerox System Development Manager | Technical design authority, delivery management & vendor management | Aryya Bhattacharya |
| Xerox PMO Manager | Responsible for project management activities | Jim Kuehn |
| Xerox Functional Manager | Oversight of Functional Leads and Subject Matter Experts (“SME”) for the CAP. | Jo Burdeau |
| Xerox QA/Testing Manager | QA management, vendor management, reviews and approvals for DDI, and on-going operational streams | Shawn Billings |
| Xerox Deputy Account Manager | CAP scope and execution planning for operational areas and provider communications | Aaron Culp |
| Xerox Account Ops Systems Manager | CAP scope and execution planning for operational areas | Jake Bender |
| Customer | Work collaboratively with Xerox to implement the CAP. | State representatives |

Table 6 outlines the framework that should be followed for escalations. All escalations must use the communication mechanism established and documented within the Communication plan. The State and Xerox teams should address issues at the lowest level of the governance tier and, in the absence of a satisfactory resolution, issues and risks should be escalated to the Program Oversight tier. If required, the Program Oversight leader shall decide if they need to be escalated to the Executive Steering Committee.

**Table 6: Escalation Framework**

| Group | Risk or Issue Potential Impact | Time | Scope |
|---|---|---|---|
| **Executive Steering Committee (“ESC”)** | **High-Priority Item** | | |
| | • High impact<br>• Program results could be heavily impacted<br>• No resolution plan for issue | • Impact to the CAP milestones | • Scope changes that impact CAP objectives |
| **Program Oversight** | **Medium-Priority Items** | | |
| | • Medium impact<br>• Program results impacted | • Missed milestone | • Scope changes that impact CAP objectives Workaround exists |
| **Solution Delivery** | **Low-Priority Items** | | |
| | • Low impact<br>• Program results not significantly impacted | • Impact to schedule can be managed within the working team | • Requirement delay<br>• Workaround exists until resolved |

## 3.2 Key Solution Components

Xerox has developed an approach to identify key solution components that are required for the planning and execution of DDI items and operations stabilization. To that end, a business process heat-map was developed by the team. A business process heat-map is a graphical view of business process capability represented as colors. It is used to review, understand, and report system issues. The business process heat-map was developed to:

- Provide a business process focus of system issues
- Facilitate a common understanding of the health of the business processes in the system
- Facilitate business-impact-based communication and collaboration between FA/State teams and engineering teams
- Prioritize defects and CRs for inclusion in upcoming releases
- Raise management awareness to areas that are not functioning correctly for use in resource allocation

The heat-map development process is as follows:

- Defects are mapped to use cases.
- The coloring of the heat-map is based on the initial mapping of defects and respective severity. (See section 3.8.2 in this document for detailed definitions for Severity).
    - A ‘White’ status is defined as:
        - No Severity 1 or Severity 2 defects.
        - Only low-priority or cosmetic issues exist with minimal impact to operations.
    - A ‘Yellow’ status is defined as:
        - Only Severity 2 or lower defects exist.
        - Functional area is working. All known issues can be worked around and/or do not result in a material impact to the business process output.
    - A ‘Red’ status is defined as:
        - Severity 1 defects exist in this business process.
        - Functional area cannot be executed. Either non-functional or produces results that are incorrect and for this reason should not be executed.
- The initial heat map is reviewed by a team to include Fiscal Agent, SME team, and State resources to determine if there is any discrepancy between the initial coloring and the end-user experience for that business process.
- The heat map is then adjusted where discrepancies are noted and notes entered on the process to reflect the reason for change.
- This final heat map is then published and becomes an approved picture of the health of the MMIS as of the current release. Xerox will update the heat map weekly.

The As-Is heat map (Figure 7) demonstrates the system issues based on the business processes as well as on the assessed severity:

**Table 7: As-Is heat map (snap-shot as of December 04, 2014)**

| Area | No of Ucs | Business Process | Sev 1 | Sev 2 | Sev 3 |
|---|---|---|---|---|---|
| **Architecture** | 1 | Process Summary | | | |
| | 3 | Global Address | | | 1 |
| | 8 | Global and Common Pages | | | 1 |
| | 1 | Global Exception | | | |
| | 3 | Global Functionality | | 1 | |
| | 1 | Global Locking Service | | | |
| **Architecture** | 11 | User Access | | | |
| | 1 | User Logout | | | |
| | 6 | Manage Users | | | 5 |
| | 2 | Batch Letter Request | | | |
| | 6 | Log Business Event | | | |
| | 5 | Log Data Update for Audit | | | 1 |
| | 7 | Security Reporting | | | |
| **Architecture** | 2 | Provider Web Access Request | | | |
| | 1 | Provider Web Registration | | | |
| | 3 | Create Survey | | | |
| | 3 | Manage Survey | | | |
| | 3 | Manage Survey Results | | | |
| | 3 | Single Sign-on for Pharmacy | | | |
| | 20 | Static Content | | | 2 |
| **Claims Financial Management** | 3 | Accounting Interfaces | | | |
| | 8 | Maintain 1099s | | | |
| | 12 | Maintain Accounts Receivable | | | 1 |
| | 3 | Maintain Budget Appropriations | | | |
| | 3 | Maintain Budget Codes | | 1 | |
| | 12 | Maintain Financial Records | | 1 | |
| | 4 | Maintain Provider Financial Information | | 1 | |
| | 1 | Monitor Budget | | | |
| | 4 | Reconcile Bank Accounts | | | |
| **Claims Payment** | 2 | Apply Provider Level Reductions | | | 1 |
| | 12 | Process Payment Cycle | | 2 | 3 |
| | 5 | Produce Remittance Advice | 1 | 8 | 1 |

| | | | | | |
|---|---|---|---|---|---|
| | 2 | Produce REOMBs | | | |
| | 5 | Determine Payment | 1 | 3 | 1 |
| | 14 | Price Covered Claim | 2 | 3 | |
| **Claims Processing** | 57 | Claims Adjudication | 6 | 21 | 5 |
| | 5 | Inquire on Claim Status-External | | | |
| | 2 | Inquire on Claim Status-Internal | | | 1 |
| | 14 | Perform Claim Entry - Internal Users | 1 | 4 | 4 |
| | 15 | Perform Claim Entry - Registered External Users | 1 | 1 | 2 |
| | 12 | Process Mass Adjustment Void Rebill Request | 1 | 4 | |
| **Contact Management** | 12 | Add-Update-Inquire Case Record | | 1 | |
| | 27 | Add-Update-Inquire Correspondence Record | | 3 | |
| | 10 | Maintain Contact Management | | | |
| | 6 | MMIS System Process | | | |
| | 4 | New Case Types | | | |
| | 7 | View-Update Message Center | | | |
| **DSS** | 2 | Extract Transform and Load | | | |
| | 2 | Generate Reports | | | |
| | 9 | Perform Ad Hoc | | 2 | 3 |
| | 2 | Scorecarding | | | 2 |
| **EDI** | 6 | Electronic Management Inbound Transactions | | 1 | 5 |
| | 7 | Electronic Management Outbound Transactions | | 7 | 1 |
| | 1 | Interactive X12 Eligibility Inquiry Transactions | | 1 | 1 |
| | 13 | Manage AVR (EVS) | | | |
| | 4 | Report Creation | | | 3 |
| | 1 | Web Portal File Download | | | |
| | 1 | Web Portal File Upload | | | |
| **EDMS** | 30 | Receive Image Route | | | |
| | 6 | Retrieve Document | | | |
| **MARS** | 4 | Create MSIS Extracts | | | |
| | 3 | Generate Reports | | | |
| | 2 | Maintain EMAR Configuration Details and Crosswalks | | | |
| | 4 | Process and Load EMAR Data | | 1 | |

| | | | | | |
|---|---|---|---|---|---|
| **Member Management** | 9 | Inquire Member Eligibility | | | 3 |
| | 25 | Manage Member Buy-in Information | | 3 | |
| | 1 | Manage Member Care Management Program (CMP) Info | | | |
| | 2 | Manage Member Communications | | 2 | 1 |
| | 28 | Manage Member Information | 1 | 3 | 2 |
| | 15 | Manage Member Interfaces | 1 | 3 | 6 |
| | 7 | Member EPSDT Outreach and Tracking | | 1 | 1 |
| | 3 | Merge Duplicate Member Record | | | |
| | 2 | Unmerge Multiple Member on One Record | | | |
| **Pharmacy** | 3 | Call Center Ops | | | |
| | 4 | Drug Rebate | | | |
| | 2 | First Trax First CI Web PA | | 1 | 4 |
| | 2 | FirstIQ - RetroDUR | | | |
| | 8 | FirstRx Adjudication | | | |
| | 1 | Web Claim Submission | | | |
| **Provider Management** | 11 | Enroll_Re-enroll Provider | | 1 | 4 |
| | 2 | Disenroll Provider | | | |
| | 5 | Enroll Trading Partner | | 1 | |
| | 1 | Inquire Provider Information | | | |
| | 1 | Inquire Trading Partner Information | | | |
| | 5 | Manage Provider Communication | | | |
| | 6 | Manage Provider Information | | 2 | 6 |
| | 1 | Manage Trading Partner Information | | 1 | 1 |
| | 2 | NPI PT Spec Taxonomy Maintenance | | | |
| | 10 | Process Automated Provider Interfaces | | | |
| **Benefit Administration** | 16 | Maintain Benefit Plan and Hierarchy | | | 1 |
| | 5 | Maintain CMS ICD-9-CM Diagnosis codes | | | |
| | 10 | Maintain CMS Medicare Rates<br>Maintain Out of State Medicaid Rates<br>Maintain State of Alaska Rates | | | |
| | 16 | Maintain Codes Modifiers and Code Values | | | 1 |
| | 5 | Maintain External Code Sets | | | 2 |
| | 17 | Maintain Internal Code Sets | 2 | 1 | 1 |
| | 2 | Maintain NDC | | | |

| | | | | | |
|---|---|---|---|---|---|
| | 3 | Maintain Revenue Codes | | 1 | |
| **Service Authorization** | 2 | Inquire Service Authorization | | | |
| | 6 | Process Mass Adjust Service Authorization Information | | 1 | |
| | 3 | Process Service Authorization Pend Resolution | | 1 | 1 |
| | 12 | Receive and Route Service Authorization Requests | | 3 | 5 |
| | 1 | Recycle Service Authorization for Eligibility Pend | | | |
| | 1 | Reports | | 1 | |
| | 2 | Route and Send Service Authorization Response | | | |
| **Third Party Liability** | 8 | Health Insurance Premium Payment | | | |
| | 14 | Initiate Outgoing Information Match | | | |
| | 4 | Maintain Estate Information | | | |
| | 6 | Maintain Insurance Carrier | | | 2 |
| | 14 | Maintain Member Insurance | | 1 | 3 |
| | 5 | Medicaid Buy-In | | | |
| | 9 | Receive Incoming TPL Information | | 1 | 1 |
| **Utilization Management** | 51 | Create and Maintain Enterprise Surveillance and Utilization Review (ESUR) Studies | | | 2 |
| | 3 | Perform Data Load | | | 1 |
| | 6 | Perform Research | | | |
| **Data/Conversion** | | Data/Conversion | 1 | 3 | 4 |
| **Non-Functional** | | N/A | 1 | 8 | 13 |
| **Total** | **825** | | 19 | 105 | 109 |

The defect counts in the As-Is heat map are based upon count of defects adjusted so that the severity rating is in line with the approved defect severity setting guidelines as described in the approved Software Quality and Defect Management section of the narrative.

A Microsoft Project schedule that reflects the approach and correlated activities for DDI items and steady-state operations has been created.

Table 8, Acceptance criteria for DDI items work streams below contains the CAP work streams, scope, acceptance criteria, and owners.

**Table 8: Acceptance criteria – DDI items work streams**

| Work Stream Name | Scope | Acceptance Criteria | Xerox Owner |
|---|---|---|---|
| Business Process Acceptance | Resolution of deficiencies( identified by defects and CRs) by key business process area | a) All mutually agreed upon CAP defects (see Appendix G) logged as of October 1, 2014 will be released to production by CAP end date.<br><br>b) Defects identified after October1, 2014 will be reviewed by the CCB regarding business process impact and the assigned severity and priority will be validated. If a business process turns “red” on the heat map due to identification of new defects, it will be brought back to “white” or “yellow” state within 60 days of defect identification. For defects identified after December 14, 2014, the actual implementation of the defect fix may or may not be addressed during the CAP period but will not be considered part of the CAP acceptance criteria.<br><br>c) Release to production of CRs in scope (listed in Appendix D) by CAP end date. | DDI Manager |
| Deferred DDI Deliverables | DDI deliverables (identified in the CAP schedule in Appendix B) that were deferred to post-go-live, and that are tied to in-scope CAP CRs.<br><br>All items determined to be in scope unless deemed unnecessary by the State (e.g., obsolete, to be further deferred, etc.). | The State approval of all remaining DDI deliverables. | PMO Manager |

| Work Stream Name | Scope | Acceptance Criteria | Xerox Owner |
|---|---|---|---|
| Post-CAP CR Plan | Develop a Post-CAP CR Plan to be executed for deferred DDI CRs tied to original RFP requirements. See Appendix F for list of CRs in scope for the Post-CAP CR Plan. | Post-CAP CR Plan is delivered by Xerox and approved by the State. | DDI Manager |

Table 9, Acceptance criteria for Operations Stabilization work streams below contains the CAP work streams, scope, acceptance criteria, and owners.

**Table 9: Acceptance criteria – Operations stabilization work stream**

| Work Stream Name | Scope | Acceptance Criteria | Xerox Owner |
|---|---|---|---|
| Operational Backlog | a) Suspended claims<br><br>b) Appeals in backlog<br><br>c) Retrospective claim adjustments | a) Suspended claims: Workable claims inventory in suspense less than or equal to 60,000 lines and 25,000 documents.(Note: Linda to suggest suspended claims backlog inventory number)<br><br>b) Appeals in backlog: 95% of first-level appeals should be appropriately completed in 10 days or less. Appeals must be processed correctly with appropriate outcomes rather than “closed” or bulk-denied. If closed or denied, they will rise to the 2nd level which is the state’s responsibility.<br><br>c) Retrospective claim adjustments: Plan to address retrospective claim adjustments completed and approved by the State. | Account Manager |
| Reporting | Deliver reporting system functionality | Reports identified in the CAP schedule are delivered and approved by the State. | Account Manager |

## 3.3 Project Management Approach

The project management approach has specific goals relating to the management of CAP execution within its scope and providing central coordination, tracking, monitoring, and reporting of all activities being executed to enable successful CAP completion. Our overall project management approach for the CAP development and execution is built upon our defined Project Management Methodology (“PMM”). The project management plan(s) used during the MMIS DDI project will be leveraged during the CAP. Because the AK MMIS is now in live operations, not all provisions in the plans may be executed, and not all roles in plans may be applicable, as the plans was specifically built for the DDI project. The approach for key project management areas is outlined below.

### 3.3.1 Risk Management

Xerox shall minimize the negative impact of risks to the CAP by providing early identification of risks and allowing subsequent tracking and monitoring of these risks.

A risk is defined as the probability of an undesirable event occurring or a desirable event failing to occur and the consequential impact. Risks may potentially affect the ability to:

- Meet the business objectives
- Deliver expected results
- Meet technical and performance expectations
- Meet critical project milestones
- Be completed on time
- Be completed within budget
- Be completed with the necessary resources

As with any other part of the project, there are risks associated with the CAP. Risk management does not necessarily eliminate risk, but attempts to reduce the negative exposure to risk. The risk management procedure should be used to identify and manage CAP risks and opportunities.

The risk management process used for the CAP execution focuses on identifying, analyzing, and responding to risks and opportunities that affect the CAP. These procedures also verify that the risks are properly mitigated and resolved with minimal impact to the CAP completion. The risk management procedure includes the following:

- Identification of potential risks or opportunities by any project stakeholder, including Xerox project team members, the State, third-party integrators, or vendors.
- Risks will be entered in the risk tracking log on SharePoint, categorized by type and priority.
- Analysis of the identified risk including impacts to the project schedule, budget, resources, or scope.
- Reporting and escalation of the risk as required.
- Development of appropriate response and mitigation plan as required.
- Implementation of approved response strategy and mitigation plan.

For detailed information on the risk management process, see Appendix J.

### 3.3.2 Issue Management

The objective of issue management is to ensure that the issues are identified, captured, tracked, and resolved in a timely manner and with minimal impact to the CAP execution.

An issue is a question, problem, or condition that requires a decision and resolution by Xerox and/or the DHSS Executive Team. Issues involve a variety of topics and can occur throughout the life cycle of a project and may be identified by any member of the project team or by any other stakeholders.

- All project stakeholders, including Xerox project team members, the State, third-party integrators, or vendors can identify issue and report the issue to the Xerox project management team. The Xerox project management team will review the issue with the State and enter the issue in the issues-tracking log on SharePoint. Authorized State users identified by the DHSS PMO will also be able to enter and update issues. When entering a new issue, the standard is to follow the “What, So What, and Now What” format to describe the issue/action item.

- All issues shall be analyzed to assess their impact on CAP scope, schedule, costs, quality, and resources.
- All issues will be prioritized and categorized by severity and priority.
- Issue resolutions will be continuously monitored and critical high-severity and priority issues will be reported to project leadership.
- Project leadership shall jointly collaborate and an appropriate issues resolution strategy will be used to minimize the impact of the issue on the CAP timelines.
- Project and technical solution delivery leadership will jointly review, track, and monitor implementation of the issue resolution strategy.
- After an issue has been resolved, or completed, it can be closed by the State when State management agrees that the issue has been resolved or completed.

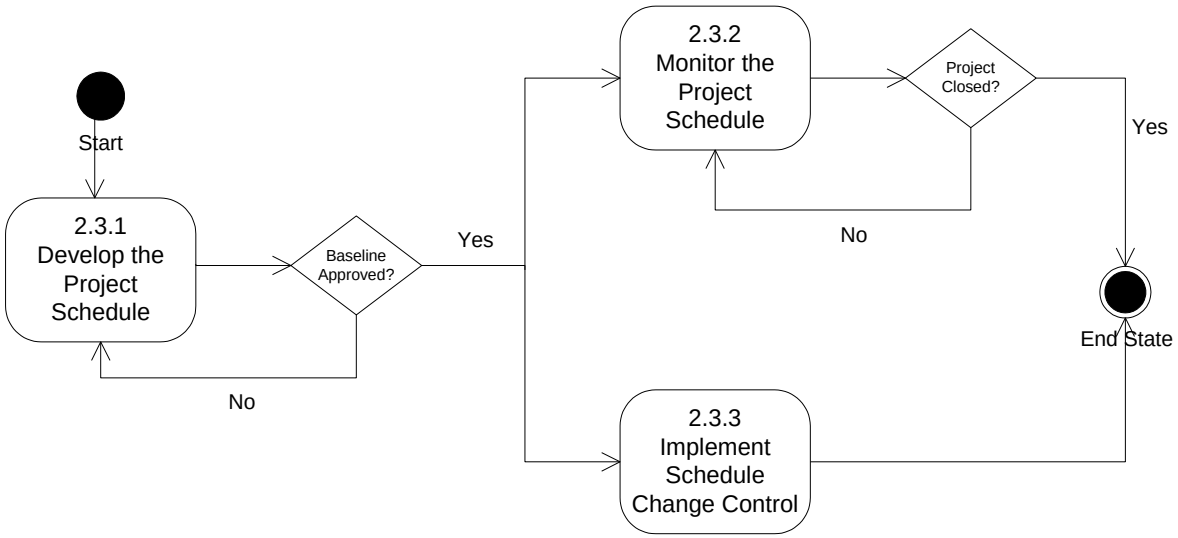
For detailed information on the issue management process, see Appendix I.

### 3.3.3 Schedule Management

The approach used for schedule management is based upon PMBOK, as an aspect of project time management. Using an integrated management approach, the project involves the project team to monitor progress against planned milestones, identify and respond to schedule slippage, and utilize change control processes to minimize scheduling impacts due to new requirements or objectives. The project leadership team is kept aware of any deviations to planned work throughout the life cycle of the CAP.

Figure 6 details the high-level process flow for managing the project schedule.

**Figure 6: Schedule Management Process Flow**




The project manager and work stream leads will update the CAP schedule on a weekly basis and report to project oversight governance tier in the following manner as per the meeting schedule identified in the governance plan.

- Work stream leads will report the percentage completed for each discrete activity for each milestone. Percent complete will be determined using remaining work required to achieve a particular milestone.

- Project manager will report milestone completion based on the percent completed for associated activities representing the milestone. (i.e., all activities complete = 100%; Milestone complete = 100%).
- Project manager will also report phase level (roll-up of all work streams) completion status using percentage complete.
- In the event of requests by Xerox for schedule changes, the change management process will be followed. This provides DHSS and the State with a mechanism to review and approve or disapprove such changes.

For detailed information on the schedule management process, see Appendix K.

## 3.4 Change Management Approach

Xerox and the State will establish and implement a Change Management Process ("CMP") and CCB to ensure effective and efficient management of all the CRs by the State or by Xerox. A CR can be direct or indirect, externally or internally initiated, and legally or contractually mandated or optional.

A CR is an alteration to approved plans, processes or deliverables specifications. There are two types of changes:

- **Project deliverables changes:**
  - **Scope changes:** Changes to CAP scope or CAP services
  - **Schedule changes:** A significant change to the project schedule from the project baseline requiring modifications to project schedule and work plans
  - **Resource changes:** Changes to CAP resources.
  - **Acceptance process changes:** Changes to acceptance criteria.
  - **Project management process changes:** Changes to governance, communication approaches
  - **Project deliverables changes**: Changes to approved project documentation.
  - **Other changes:** Changes triggered due to risk materialization or issues requiring modification
- **Technical deliverable changes:** Technical deliverables changes are of two types:
  - **Regular CRs:** These system changes are required enhancements to approved requirements due to changes in rules, regulation, or other business needs. Examples of regular CRs include:
    - **Technical scope changes:** A change to a release, scope changes to technical requirements that define the scope of the project, enhancement requests
    - Hardware, software, network, environment, application, operational procedure, design document, requirements document, changes to release scope, changes to approved technical documentation, etc.
      - **Application changes:** Changes to any application code that is running on or is linked to any hardware or software in the IT environment.
      - **Hardware changes:** All equipment installations, discontinuances, and relocations are typically categorized as hardware changes
      - **Network changes:** All installations, discontinuances, and all relocations of equipment used for IT teleprocessing communications are examples of network changes.
      - **System configuration changes**: Changes to production deployed business rules

- **Methodology or documentation changes**: Changes to approved methodology, process and procedure documentation

- **Emergency CRs:** Emergency changes originated either due to critical incidents or due to Severity 1 defects that are of high priority identified in the production system.

Collectively, Xerox and the State should remain disciplined to minimize CRs during the CAP period, as changes have a direct impact on Xerox's ability to be predictable in outcomes, specifically during CAP execution. The day to day operational activities (i.e. standard system maintenance, rate updates, ETC) will continue to be performed as scheduled and will not be impacted by the CAP execution.

### 3.4.1 Change Management Process (CMP)

A CR is defined as a request to expand or reduce project scope; modify policies, processes, plans, or procedures; modify costs or budgets; or revise schedules or changes to technology deliverables.

The scope of the CMP and the CCB is to manage all CRs that have been introduced during the CAP execution in a systematic manner to ensure transparency and support open communications with the State to gain mutually agreeable outcomes. The nature of changes in this process includes project and the technical deliverables changes as described above:

The goals of the CMP are to:

- Provide a consistent and documented approach for requesting, assessing, tracking and resolving changes during the CAP execution
- Document, track, manage, and implement all changes on an approved schedule and at reasonable and expected cost
- Support the efficient and prompt handling of all changes
- Ensure changes are consistent with business and technical plans and strategies
- Ensure required technical and management accountability (i.e., reviews and approvals) is maintained for CRs
- Monitor the associated risk of the changes as documented in the impact assessment

Xerox believes that these processes, if planned and implemented correctly, will provide significant value to both the State and Xerox in meeting CAP objectives. Effective change control provides the following value to the project:

- Adequately assess and respond to changes in a timely manner
- Approve or deny changes by the appropriate representatives of each organization
- Prevent unauthorized changes from adversely affecting the project's completion or adversely affecting release scope
- Implement approved changes timely and accurately

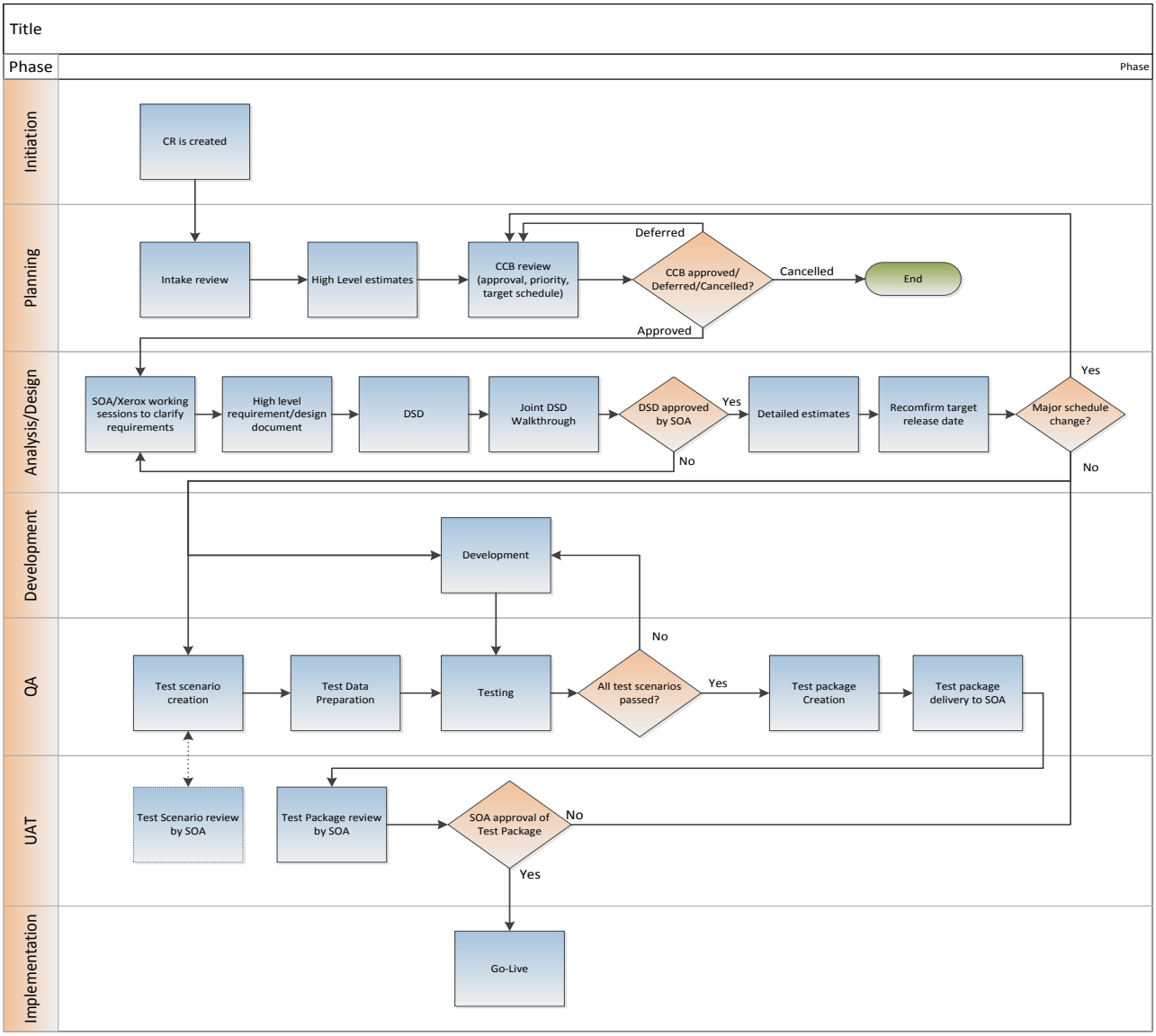
The CMP should also include the key roles and responsibilities for Xerox and the State in managing the CRs and its performance criteria. The CMP:

- Describes a procedure by which project team members and stakeholders can submit project and technology deliverable changes to scope, budget, schedule, or deliverables
- Describes a procedure to receive decisions on CRs from the CCB
- Identifies key CCB members who meet periodically to review and approve or reject proposed changes based on analysis of the change and impact of the proposed changes on schedule, budget, scope, and business case.
- Record the documentation of analysis, evaluation, and approvals or denial of CRs.

As part of the CMP, the State and Xerox should agree on procedure for submitting, analyzing and approving project deliverable changes at CCB.

For technology deliverable changes, Xerox uses following CMP as part of its Solution Delivery methodology (SDM) described under technical management will be used to meet the CAP objectives. The technology Change Management Process Overview (Figure 7) is provided below.

**Figure 7: Change Management Process Overview**




NOTE: For UAT, State of Alaska only reviews the Test Results, but does not do the testing themselves.

## 3.4.2 Change Control Board (CCB)

The purpose of the CCB is to review all submitted changes (project and technology deliverable changes) for decisions. (i.e. to approve, reject, and escalate changes). The CCB helps in decision-making in the following areas:

- If the change is contractually required to be completed by Xerox
- Identification of the owner responsible to fund the CR
- Ensure that changes are categorized and prioritized; design changes and requirements are approved correctly prior to beginning development work to minimize requirements mismatch and introduction of new defects during change releases.

In case there is a disagreement about the change ownership, CCB escalates the issue to the Executive Steering Committee for resolution.

The proposed governance structure and communication approach identify the structure, key named resource and expected communication at the CCB. The State and Xerox should review and agree on activating the CCB prior to CAP execution.

**Note:**

- It is important to recognize that all changes (project deliverables or the technology deliverables) are not the same.
- In order to implement technology deliverable-related changes, change assessment must take place, and for the assessment there is a significant time commitment. Resources are consumed to ascertain the impact of the change on various systems and data integrity, and its impact to the existing production system.
- It is also critical to understand per the SDM methodology that all the technical deliverables changes need to follow the Software Development Life Cycle Methodology process and must go through the planning, analysis, design, construction, testing, and validation phases prior to implementation into production. Depending on the nature of the change it can take 7 to12 weeks of effort and duration once the change is approved at CCB.

In order for successful execution of the CCB, participants from the State and Xerox must understand the exact nature of responsibilities shared between the State and the Xerox.

Table 10 provides broad contour of the CCB roles and responsibilities. These roles and responsibilities must be customized for effective functioning of the CCB.

**Table 10: CCB Roles and Responsibilities**

| Role | Responsibilities |
|---|---|
| CR Identifier / Owner | • Identifies the need for a CR<br>• Documents the change via a CR form<br>• Submits the CR to the PMO<br>• Provides any clarifications regarding the request<br>• Conducts or prepares an impact analysis or other supporting<br>• documentation<br>• Manages an individual risk or issue, as assigned |

| | |
|---|---|
| CCB Members | • Receive recommendations from the project managers and PMO<br>• Review and approve CRs<br>• Establish if Xerox is contractually obligated to fund the changes<br>• Approve and provide guidance and direction to the project team regarding CRs and orders<br>• Identify resources, sets priorities, and resolves issues<br>• For non-agreed CR, escalate the ownership and funding issues to Executive Steering Committee for resolution |
| DDI Project Manager | • Tracks and monitors issues, risks, and CRs<br>• Assesses correct decision-making path in consultation with key<br>• staff and agency executives<br>• Facilitates decision-making processes, maintains a decision log and regularly reviews pending decisions<br>• Directs project team to conduct CR analysis (as needed)<br>• Monitors the CR log during weekly status meetings<br>• Receives recommendations from project staff and PMO<br>• Participates in CCB and provides recommendations to the Project Sponsor and Steering Committee<br>• Escalates CRs to the appropriate levels |
| PMO | • Is assigned responsibility for leading the CR processes and management effort<br>• Receives CRs, develops and maintains CR log<br>• Coordinates tracking of CRs, including new requests and change in status<br>• Facilitates the “Change Request Status” discussion, as needed at the weekly status meetings<br>• Coordinates with Xerox Project Manager on CRs submitted by the Xerox team<br>• Serves as a member of the CCB and collaborates with other State CCB members to manage the CRs<br>• Facilitates communication related to CRs and provides recommendations to the Project Sponsor and Executive Steering Committee<br>• Provides the project managers and others with timely notice of recommendations and status on CRs<br>• Trains new project staff on their CR responsibilities when they join the project |

## 3.5 Communications Management Approach

The communications management approach below (table 11) describes expected communication during the CAP execution. The approach includes a combination of existing communication practices that may continue during the CAP execution as well as any additional communication practices that must be initiated to address the CAP communication needs.

**Table 11: Communications Management Approach**

| Category | Governance Tier | Meeting Type | Meeting Purpose | Frequency | Meeting Owner | Participants |
|---|---|---|---|---|---|---|
| DDI Items Meeting/ Functional Working Group | Solution Delivery | Intake Review Meetings | 1. Review, classify, and prioritize functional area specific requests as changes, defects, or operational tasks<br>2. If change, submit CR in CQ, establish CR ownership, and define initial scope of change, sizing, and priority<br>3. If defect, submit defect in Clear Quest; review defect severity and priority<br>4. Review CR / defect disposition of requests; if disagreement on classification, the request should be escalated to CCB<br>5. Prepare the material, including Impact assessment (business/ system) for change approval at CCB | Weekly | Jake Bender/ Aaron Culp | Xerox PMO CMP Owner/ Solution Delivery members/ State functional area participants |
| Functional Working Group Meeting | Solution Delivery | Claims Functional Working Group Meeting | 1. CR requirements clarification/review for claims<br>2. CR design review and approval for claims<br><br>Note: State and Xerox participants may need to agree in advance on agenda items. | Minimum - Weekly | Jo Burdeau | Xerox Claims SMEs / State Claims SMEs |
| Functional Working Group Meeting | Solution Delivery | Non-Claims Functional Working Group Meeting | 1. CR requirements clarification/review for non-claims<br>2. CR design review and approval<br><br>Note: State and Xerox participants may need to agree in advance for agenda items. | Minimum - Bi-Weekly | Jo Burdeau | Xerox SMEs / State SMEs |

| | | | | | | |
|---|---|---|---|---|---|---|
| DDI Items Meeting/ Functional Working Group | Solution Delivery | Internal Quality Review Board (QRB) Meetings | 1. Review overall system quality and functional area specific defects (understand defect, expected resolution, severity and priority and identify release in which these defects will be fixed)<br>2. Review overall status of the accomplishments (defects plans / addressed), deferred defects and gaps (need for hot fixes, root causes, quality issues) from past release<br>3. Develop agreement with State on scope of next release and timings (including prioritized defects) | Weekly | Jake Oner | Solution Delivery members / State functional area participants |
| DDI Items Meeting/ Functional Working Group | Program Oversight | CCB Meetings | 1. Approve / disapprove submitted CRs<br>2. Review escalated requests and make CR/defect disposition determination<br>3. Develop agreement with State on priority<br>4. Develop agreement with scope of upcoming release and timing (including scope of prioritized changes)<br>5. Review overall status of the accomplishments (planned vs. actual CRs accomplished), deferred CRs<br>6. Escalate the disagreements on change ownership to Executive Steering Committee | Weekly standing meetings (*to be canceled if nothing to discuss*)/ Emergency | Jake Oner | Xerox PMO CMP owner / Jake Oner / State representatives as per Governance Structure |

| | | | | | | |
|---|---|---|---|---|---|---|
| CAP Status | Program Oversight | Program Oversight Status Review | 1. Review CAP status report – review status of major milestones (accomplishments, plans, and missed milestones). The PMO team receives project plan updates from Leads on Tuesdays. The PMO team can send a summary slippage report to the State on Wednesdays, in addition to the standard CAP status material that will be sent on Fridays.<br>2. Review CAP issues/corrective action plans, action items, risks/mitigation plans<br>3. Review release benefit realization (i.e., planned scope vs. actual delivery) of defects and CRs<br>4. Review requests for project decisions | Bi-Monthly | Jim Kuehn | Xerox IT (Jake Oner) / business and State representatives per Governance Structure |
| Executive Status Review | Executive Steering Committee | Executive Steering Committee Review | 1. Review summary of CAP milestones accomplishments / delays and actions taken<br>2. Review of critical risks/issues in meeting CAP milestones and action plans to mitigate the risk<br>3. Review and address State and Xerox collaboration and expectation gaps<br>4. Review requests for decisions to address the key risks and issues<br>5. Review and address CCB escalated issues | Monthly and as needed basis | David Meadows | Executive Steering Committee members |

## 3.6 Staffing Management Approach

Staffing the CAP with the correct number and mix of experienced resources is critical for project success. The CAP schedule, which has been developed using Microsoft Project, is fully resource-loaded. It will be used to establish resource requirements, and timing of resource needs, and will be used to monitor resource allocation. Resource pools using generic resources will be used to indicate the staffing levels that will be provided.

Throughout the CAP, personnel and skill requirements will be reviewed based on the approved CAP schedule. Xerox will acquire new resources as needs arise, and the resources will be assigned to

appropriate project activities after completing project orientation. Xerox will continually monitor resourcing of tasks to assign the most qualified and correct number of resources to successfully complete the tasks.

Xerox is committed to retaining good employees, and will continue its efforts to attract and retain a highly qualified, competent, and experienced team of professionals to serve the State's needs. Xerox will not remove named key staff approved by DHSS without DHSS's approval. Any project vacancies are addressed through the staff hiring process.

The following resource management approach will be used for CAP resource planning, acquisition and monitoring.

Plan resources - The Corrective Action Plan (CAP) that will be finalized by the State of Alaska and Xerox will drive the resource requirements. Xerox will deliver an initial scope statement embedded within the CAP in October 2014 for State review and feedback. Project work plans supporting the CAP scope will also be provided, and will indicate the staffing levels that Xerox will provide to successfully address all CAP scope items within the CAP schedule. After State feedback is received on the CAP scope and schedule, resource levels will be adjusted as required.

Acquire and monitor resources - The staffing levels required to successfully execute the CAP will be monitored on an on-going basis. Xerox executive level sponsorship has been secured prior to the delivery of the CAP, thus ensuring that required resource levels will be secured and remain available throughout CAP execution.

The resource usage model is included in Appendix K.

## 3.7 Subcontractor Management Approach

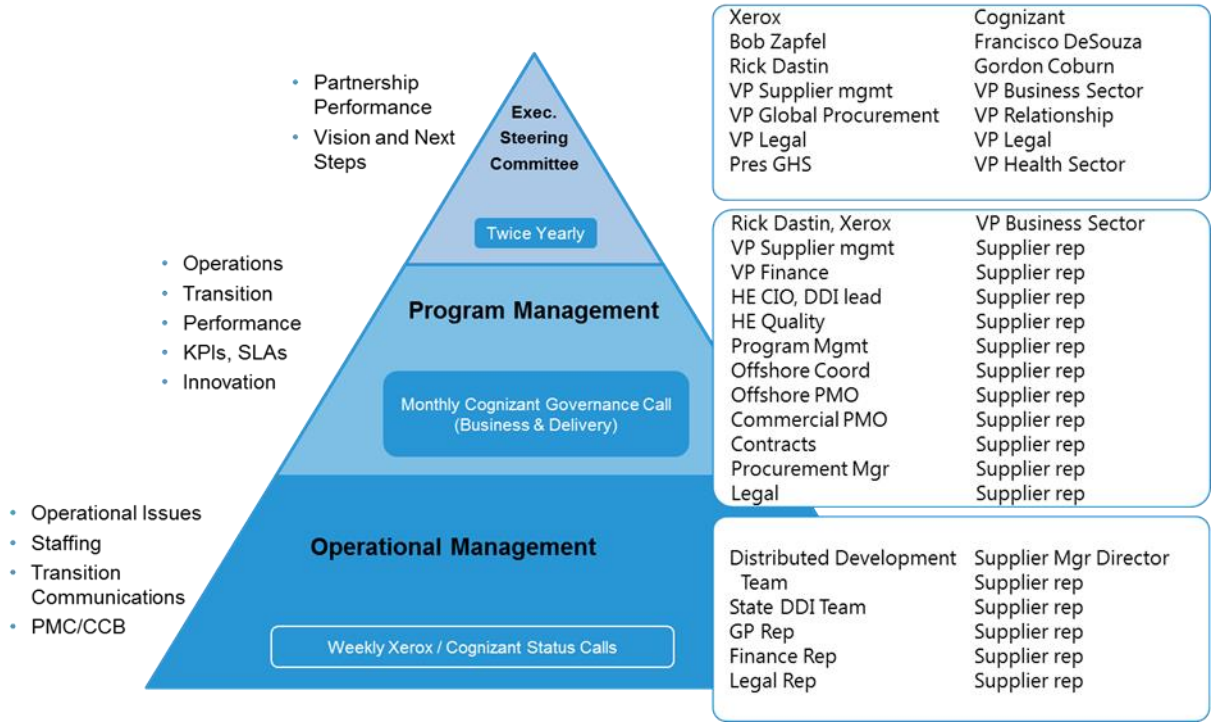
The overall subcontract management governance structure used to manage our development vendor Cognizant is illustrated below (Figure 8) and identifies tiers, members, and key responsibilities for each tier. The governance structure comprises the following levels:

- Tier 1 – Executive Steering Committee
- Tier 2 – Program Management
- Tier 3 – Operations Management

Key members from the CAP governance structure are also a part of the subcontractor vendor management governance. This provides seamless continuity to issues and risks identified during CAP execution and facilitate mitigation of the issues with Cognizant (if required).

The overlapping members across governance structures are highlighted in yellow.

**Figure 8: Governance Framework between Xerox and Cognizant**




Xerox is tracking following metrics with Cognizant:

- Red/Yellow/White business process versus time and acceptable performance levels
- Agreed CR's versus time
- Defects (actual) versus time

The following management meetings are in process or being planned:

- Monthly executive governance (Rick Dastin)—relationship and issue resolution
- Bimonthly issues and heat map (Rick Dastin)
- Bimonthly escalation, urgent topics (input from Amir Desai)
- Bimonthly Problem Management Committee (Rick Dastin team)
- Weekly metrics dashboard (Rick Dastin team)
- Current focus – Xerox-Cognizant interactions
- Bimonthly Problem Management Committee (PMC) meetings

Cognizant management and resources report to the Xerox management team. This reporting structure is shown below.

**Table 12: Day-to-day management of Cognizant as a sub-contractor during the CAP**

| Xerox Management Team | Resource | Oversees the following Cognizant Lead | Resource | Internal Subcontractor Management Meetings held |
|---|---|---|---|---|
| Xerox Account Executive | David Meadows | Cognizant Account Manager | Aaron Johnson | • Daily account management meeting<br>• Cognizant staffing management |
| DDI Manager | Jake Oner | Cognizant Service Delivery Manager | Dhivakar Jeganathan | • Daily planning meeting with the leads above to review high priority tasks, any re-prioritization needs, and escalations.<br>• Weekly project leads meeting with each lead to review the completed and outstanding tasks from the week.<br>• Daily management of all project tracks |
| Project Management Organization Lead | Jim Kuehn | Cognizant Project Managers | Dawn Gee | • Daily PMO issues & risks meeting<br>• Daily and weekly Work plan Review meetings, including issue and risk management.<br>• Weekly status reporting against the base lined project plans<br>• Project slippage management.<br>• Project issue and risk management. |
| System Development Manager | Aryya Bhattacharyya | Cognizant Systems Manager | Binu Kasim | • Weekly break-fix metrics meeting<br>• Technical Architecture/Design meetings as needed<br>• Incident resolution review and escalation<br>• Weekly release go/no-go call |
| Functional | Jo Burdeau | Cognizant | Sam Edwards | • Twice weekly Big |

| | | | | |
|---|---|---|---|---|
| Manager | | Functional Manager and Teams | | Rocks and Project Issues meeting |
| Testing/QA manager | Shawn Billings | Cognizant QA Manager | Sudha Gopalakrishnan | • Daily QA results review and QA planning<br>• Weekly release planning and review meeting |

## 3.8 Technical Management Approach

Our technical management approach is focused on delivering the technology solution using structured software development methodology (SDM) based on Software Development Life Cycle (SDLC) methodology.

The technical management approach is used for brand-new capability development, enhancement to existing systems / technology capability through CRs or to address the software quality and defects.

### 3.8.1 System Development Methodology (SDM)

Our SDM is composed of five phases and nine workflows, or sub-phases. The SDM phases and their workflows are:

- **Planning phase**: Planning and CCB
- **Analysis/design phase**: Requirement and design analysis, State approval
- **Construction phase**: Development, system testing workflow
- **UAT phase**: User acceptance testing workflow
- **Implementation:** Go-live workflow

Our SDM process follows a hybrid of waterfall and iterative model blending the best of the both worlds. Our methodology allows us to break down scope into different functional areas. Each functional area may then move through the system development life cycle (SDLC) at its own planned pace. This SDLC process is specifically designed to resolve the defects and for incorporating the CRs in a timely basis during CAP execution.

The analysis and design phases are waterfall, ensuring a lock-down (and subsequently executing change control processes) of requirements and solution analysis (comparing the client's needs to the baseline product). These activities allow the project team to understand the needs and processes of the client and to plan our configuration and development activities according to the complexity of the tasks necessary for matching our solution to the client's needs. These phases also contain the initiation and execution of our quality activities, which focus on all aspects of the project throughout the life cycle.

The construction, UAT and implementation phases are iterative and incremental which allows for pieces of functionality to be gradually detail-designed, constructed, configured, and tested and readied for implementation leading to a go-live.

Figure 9, SDLC approach for management of technology CRs, provides an overview of the SDM approaches for managing the technology CRs after CCB approves them.

**Figure 9: SDLC approach for management of technology CRs**

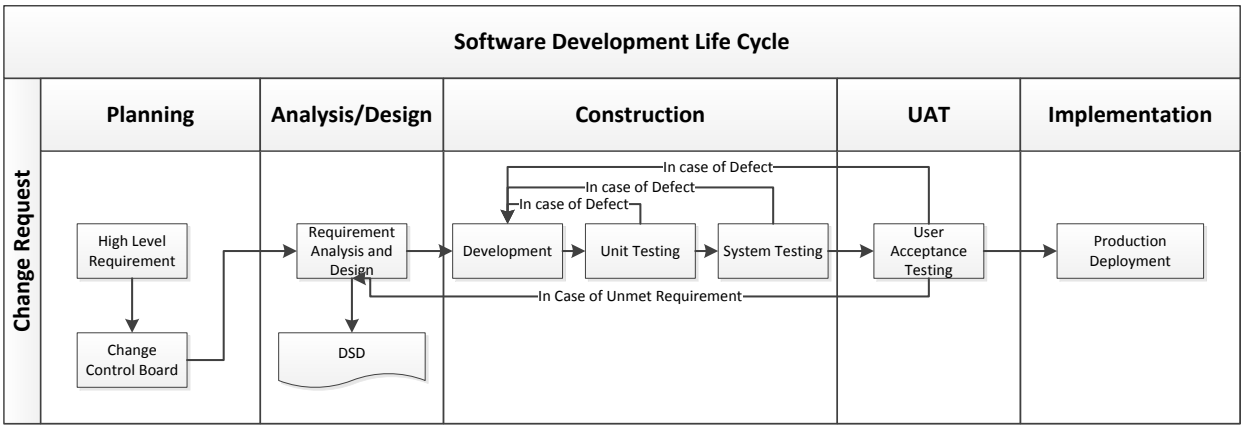
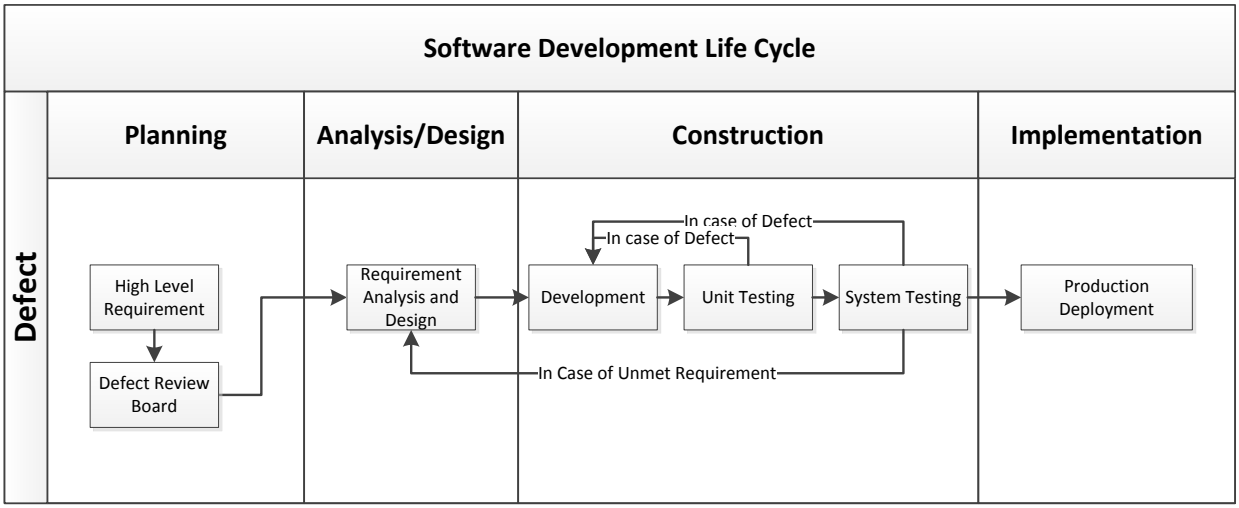



Figure 10 SDLC approach for management of software defect below provides an overview of the SDM approaches for managing the software defects using SDLC method.

**Figure 10: SDLC approach for management of software defects**




## 3.8.2 System Quality and Defect Management Approach

The system quality and defect management approach is focused on quality assurance and quality control of software, processes and deliverables as well as remediation of the identified defects to address the software quality issues.

An internal Quality Review Board (QRB) will be established to facilitate quality assurance and quality control including defect avoidance (i.e. software quality assurance and control) in the CR analysis, design and development phases, and effective defect management and prompt defect removal in QA and Post Production phases.

The Xerox Software Development Methodology focuses on the overall quality management and uses practices to address the quality assurance processes. From a CAP perspective Xerox's focus is to ensure that the business outcomes are achieved through effective software quality and defect management practices and that it meets State's objectives.

Table 13 Software Quality and Defect Management approach below provides high-level provides a summary of the steps taken by Xerox in each of the SDM phases.

**Table 13: Software Quality and Defect Management Approach**

| Phase | Common Root causes of quality issues | Our approach to address in CAP |
|---|---|---|
| Analysis and Design | State requirements are not fully agreed upon, assumptions made | State participation is identified as a critical success factor. Our proposed Communications Management Plan includes functional working group meetings to ensure requirements are well understood and agreed upon. |
| | Designs missing client review and acceptance | |
| Development | Certain requirements insufficiently detailed | Our SDM (System Development Methodology) utilizes standardized templates ensuring adequate documentation of requirements. |
| | Development introduces new defects | Our development team uses unit testing framework, code reviews and Sonar-PMD error detection tool for increased code quality. |
| QA Testing | Testing is not adequate to identify and remedy all issues before migration to Production | Our code testing now starts with defect retests during the development timeframe. Our QA testing now includes over 1500 automated and 200 selected manual test scripts providing wide coverage of areas impacted with CRs and fixes. |
| Production issue Remediation | Ambiguity between defect versus changes to the system | A functioning CCB is established in the CAP and will ensure that changes are categorized, ownership identified, design changes and requirements are approved correctly prior to beginning the development work to minimize the requirements mismatch and introducing the new defects during change releases. |
| | Defect severities are not categorized correctly | Earlier, we noticed and pointed out to non-compliant defect prioritizations in particular with Sev1 and Sev3 defects. Within the CAP timeframe, we'll strictly follow the severity descriptions in our methodology. In case of a disagreement, final determination of the severity level of a defect is managed by the CCB. |
| | Defects are not prioritized | Business process heat map will be used to drive regularly |

| | | |
|---|---|---|
| | based on business impact | scheduled meetings on defect prioritization. An internal Quality Review Board (QRB) will be established to review and classify defects for severity, priority, and for production migration timing in the release calendar. |
| | Defect resolutions do not resolve issues in the business process adequately and timely | |

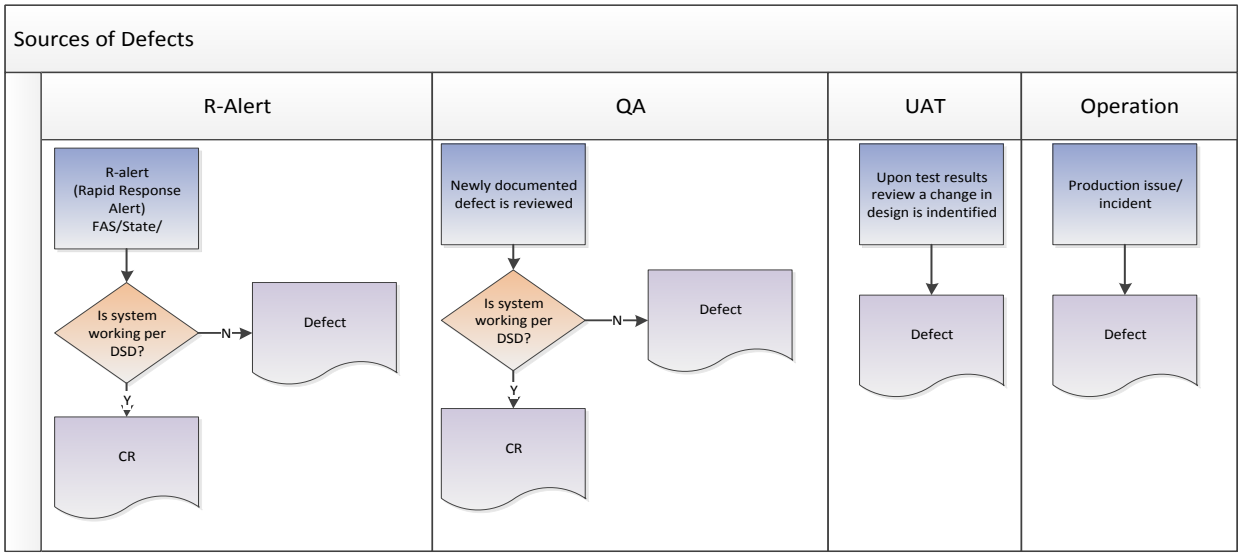
The objective of the defects management approach is to ensure that all new defects are accurately identified, categorized, prioritized, tracked, and resolved to the State's satisfaction.

Sources of defects include:

- **During testing**:
  - Test phases as a quality assurance activity
  - Actual testing prior to go-live ((e.g., system integration or regression testing (SIT), user acceptance testing (UAT), and operational readiness testing (ORT))
- **During production**: Post-go-live the users submit the incident (i.e. R-Alerts). If R-alerts or incidents are unresolved, these R-alerts are analyzed for a potential defect or CR.

Figure 11 provides a graphical overview of the sources of defects.

**Figure 11: Graphical overview of Sources for Software Defects**




Xerox uses ClearQuest™ ("CQ") for the defect resolution and uses IBM Rational ClearQuest Test Manager ("CQTM") for maintaining test and RTM traceability. During CAP execution, the focus is to ensure that the agreed-upon defects logged prior to October 1, 2014 are addressed through various release cycles as identified in the CAP schedule.
During the defects management process defects can take one or more following defect states.

- **Submitted** – This state occurs as the result of the submittal of the defect.
- **Reviewed** – This state occurs after the test lead validates the defect and assigns it to the appropriate development lead. Once the defect is in the Reviewed state, the assigned development lead validates the defect, and then performs actions "Open" or "Resubmit".

- **Opened** – This state indicates that the defect is now ready for the development lead to assign to a developer. It also indicates that the defect is being actively worked on.
- **Resolved** – This state indicates that the defect has been resolved.
- **Closed** –The final state the defect can be assigned. “Closed” is a terminal state, indicating that the defect no longer requires attention.
- **Duplicated** – This state indicates that the defect is a duplicate.
- **Rejected** – This state occurs if the re-execution of the test fails.

All new defects shall be accurately classified by defect severity and priority. Xerox shall promptly review newly identified defects and develop plans to address the defects. Any outstanding defects discovered during the CAP period will be reviewed in the CCB, and a closure plan and release dates, which are satisfactory to the State, will be agreed upon between Xerox and the State before the end of the CAP period. Definitions of defect severity and priority are provided below.

**Severity** is the extent to which the defect can affect the software and it defines the impact that a given defect has on the system. Table 14 below provides Xerox’s severity rating for defect categorization. In case of a disagreement, final determination of the severity level of a defect is managed by the CCB.

**Table 14: Defect Severity Characterization**

| Severity Ratings | Severity | Description |
|---|---|---|
| Severity 1 | Critical | 1. System is inoperable<br>2. Major functionality does not respond<br>3. Unrecoverable data loss<br>4. Security cannot be enforced<br>5. No workaround |
| Severity 2 | High | 1. Major functionality is inoperable<br>2. Major function causes inaccurate results<br>3. A valid system workaround is available that achieves desired results |
| Severity 3 | Moderate | 1. Non-major function executes but produces faulty results |
| Severity 4 | Low | 1. Cosmetic<br>2. Documentation Issue<br>3. Does not impact accuracy of operation |

Priority defines the order in which we should resolve a defect. Table 15 Defect Priority Characterization shows priority types and their descriptions.

**Table 15: Defect Priority Characterization**

| Priority Ratings | Priority | Description |
|---|---|---|
| Priority 1 | Critical | **Critical Must Fix:** The defect must be resolved as soon as possible, because the defect is affecting the application or the product severely. The system cannot be used until the repair has been done. Issue affects other functionality. |
| Priority 2 | High | **Must Fix:** These are important problems that should be fixed as soon as possible. All defect corrections need to be performed as part of a |

| Priority Ratings | Priority | Description |
|---|---|---|
| | | scheduled release, which could be a hot fix release. Xerox is doing weekly releases which are guided by State priorities. |
| Priority 3 | Medium | **The defect is an irritant,** which should be repaired, but repair can be deferred until after more serious defect has been fixed. For all newly identified defects post October 1, 2014, engage the State (i.e. CCB) to review defects, confirm severity, priority, and release dates. |
| Priority 4 | Low | **Should be fixed:** Not critical and does not have to be fixed before UAT. |

As part of the CAP, Xerox proposes to establish a formal **Internal Quality Review Board** ("QRB") meeting between the State and Xerox, including its vendor partners, to ensure that all defects are clearly logged, severity and priority identified, and to define the scope for release cycle to reduce the defect backlog as well as to meet the State's objectives. The QRB meeting structure is provided as part of communication approach.

In order to address the defects identified in the CQ, Xerox development currently addresses the defects in the following order effective September 24, 2012.

1. Severity 1/Priority 1
2. Severity 2/Priority 1
3. Severity 1/Priority 2
4. Severity 2/Priority 2
5. Severity 1/Priority 3
6. Severity 2/Priority 3
7. Severity 3/Priority 1
8. Severity 3/Priority 2
9. Severity 3/Priority 3
10. Severity 4/Priority 1
11. Severity 4/Priority 2
12. Severity 4/Priority 3

For detailed information on the defects management process, see Appendix C

## 3.9 Operations Management Approach

### 3.9.1 Operations Organization

As described in the original Xerox RFP response, our Operations organization represents a clearly defined hierarchy. Responsibilities are subdivided from top to bottom, and effective reporting relationships are clearly established and maintained. Within our organization, communication is maintained both vertically and horizontally. This structure defines responsibilities, facilitates ongoing effective communication with DHSS, and promotes efficient decision-making in responding to the needs of the

State. Additionally, our proposed organizational structure is designed to foster an open and positive working relationship with the State.

Meetings, deliverables, status reports, operations reports, and shared-issue tracking approaches all contribute to an environment of open communication. We consider communications with our project staff and with DHSS of the utmost priority because awareness of project progress, successes, issues, and risks is essential to project management and to DHSS satisfaction. The CAP governance structure and communications approach focuses on ensuring a structured communication for effective decision-making and prompt risks and issues management.

The governance and change management approach for the operations phase of the project will follow the processes agreed to during the DDI, but will be further refined and agreed upon with the State prior to completion of the CAP.

### 3.9.2 Staff Hardening

In order to address the various backlogs and increased workloads created since system go-live, Xerox has added a significant number of operations resources to the AK account to help bring the backlogs down and manage the increased workloads. In addition, expert operations resources from across the organization have provided leadership, subject matter expertise, and additional labor to assist in this effort, and we have employed our Government Healthcare operational consultants to further streamline and optimize all aspects of the fiscal agent operation. These additional resources will continue through the duration of the CAP and will be committed to AK until all operational SLA's have reached expected levels.

Additional technical resources have also been assigned to the AK fiscal agent account, with further technical staff hardening being planned to increase both the quality and throughput of defects and CR management related to the CAP. In addition, we have developed and delivered new training material to further educate the Xerox staff on Medicaid policies and on using the features and functionality of Health Enterprise. Phase I of teaching the staff resulted in over 100 employees taking an average of 6 classes each. Phase II will encompass additional training modules and be presented during the November and December time period.

### 3.9.3 Operations Strategy

Our operations strategy is focused on providing additional value to our customers and improving our ability to service clients for the long-term. This strategy is focused on six areas designed to provide our customers with more value, and our people with more opportunities, and to make our business more competitive. Those areas are as follows:

- Providing a broad portfolio of services (showcasing all the ways we can benefit the State)
- Building on the Xerox global experience (bringing leading practice processes to all of our customers, including the State)
- Transforming the way work is done (applying Xerox innovation to make work simpler, smarter, and faster)
- Delivering operational excellence (improving quality by the way we deliver work)
- Using analytics to provide insight (giving the State more insights into your business and leveraging data to drive smart business decisions)
- Engaging, developing, and supporting our people (by attracting and retaining world-class talent, we can better serve the State)

This operational strategy is based on an industry-led, client-centric organizational structure. Xerox Services is organized by seven industry groups and seven capability groups. Our industry groups include State/Government Healthcare, Commercial Healthcare, Transportation, Education, and others. These groups have an in-depth understanding of the industries they serve, offer a full portfolio of service

offerings, and strive to maintain strong relationships with our clients. Our capability groups or service delivery groups include call center, transaction processing, mailroom, and others. These groups deliver best-in-class services, working within each of our industries to bring our clients common, proven, industry-specific innovative solutions. We have already seen the benefits of this strategy in our local call center, where the Customer Care Capability group has helped implement improved workflows and reporting. We are investigating additional tools to simplify and improve the call center team's performance.

By aligning our operations with the industries we serve and the capabilities we offer, we:

- Build a deeper understanding of the industries we serve – understanding changes that occur in the marketplaces around the globe – so we can better anticipate the needs of our customers
- Ensure that our services are meeting customer performance expectations and that we continue to innovate, thereby developing solutions that meet the needs of clients in specific industries
- Centralize common functions and delivery platforms
- Deploy best practices to drive benchmark quality
- Standardize many of the tools and development models we use to increase quality while reducing cost
- Deploy operational excellence, process re-engineering, and automation to improve the repeatability and consistency of our processes

This new operating model puts in place a foundation for us to deliver long-term value and an environment where we can continuously improve to meet the State's need. These changes will occur behind the scenes and be largely invisible to the State. We are committed to ensuring no disruption of ongoing operations.

### 3.9.4 Operations Governance

The governance approach used during operations will vary slightly from the one used in the DDI and CAP but the approach used during the DDI and CAP, will form the basis of the approach used in operations. The State and Xerox will work together during the CAP period, to define mutually agreed-upon governance, change management and project management plans suitable to all parties involved. The final operations processes will be defined and approved prior to completion of the CAP.

# 4. Next Steps

In this document, Xerox has presented the State with an approach and a schedule that closes out the residual issues related to the DDI scope, removes the suspended backlog by accurately paying claims, and transitions the MMIS to the FA team. Xerox intends to work collaboratively with the State regarding approval for this CAP such that the procedures detailed in the CAP schedule can be implemented in a timely manner.

**CAP Walk-through**

- Xerox and the State to meet and walk through the CAP so that immediate questions can be addressed and clarification provided by both the State and Xerox. This has been scheduled for October 16, 2014.
- Two weeks after acceptance of the CAP plan Xerox will baseline the plan as needed and have a final detailed walk-through meeting with the client.

**Governance Structure and Governance Processes**

- The State and Xerox will finalize meeting plans, construct agenda and meeting minutes format, and establish meeting schedule for all identified meetings by October 31, 2014.
- Xerox will ensure that the Project manager and work stream leads are apprised of the progress and performance reporting processes to accurately communicate the CAP execution status reporting at Project Oversight and Executive Steering Committee meetings.

**Acceptance Management Process**

- The State and Xerox will review and agree on the acceptance management process and acceptance criteria for each work stream prior to start of CAP execution.

**Risk Register and Issues Log**

- The State and Xerox will review the Risk register and include any additional risks prior to start of CAP execution.
- The State and Xerox shall review the Issues log and identify any additional issues prior to start of CAP execution.

**Software Quality and Defect Management Approach**

- State to review and collaborate with Xerox to confirm defect scope for release scope that is currently undefined.
- Xerox ensures that all solution delivery participants have been reeducated about defect classification by defect severity and priority by October 31, 2014.

**Change Management Process and CCB**

- The State and Xerox will agree to the project deliverables specific change management process and verify the project CCB process, roles and responsibilities by October 31, 2014. The State and Xerox agree that all new CRs require CCB approval, and the change development shall only start after the CRs are approved by CCB.
- The State will review and collaborate with Xerox to confirm ownership for technology deliverable changes and define scope for upcoming change releases to meet the State's objectives no later than two weeks post CAP approval.
- Xerox will ensure that all solution delivery participants are educated about the approved change management processes for project and technology deliverables changes and the role of CCB in approving and rejecting the CRs by October 31, 2014.

# Appendix

**Appendix A – Acronyms and Abbreviations**

**Appendix B – CAP Schedule**

**Appendix C – CR and Defect Management Process**

**Appendix E – CRs In Scope for the CAP**

**Appendix E – CRs Out of Scope for the CAP**

**Appendix F – CRs In Scope for Post-CAP CR Plan**

**Appendix G – Defects In Scope for the CAP**

**Appendix H - Resource Management Plan**

**Appendix I – Issue Management Plan**

**Appendix J – Risk Management Plan**

**Appendix K – Schedule Management Plan**